

House Republican Press Release

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REP. FREY: NEW BUDGET FALLS SHORT



On Sunday, April 30, State Representative John H. Frey, R-Ridgefield, voted against a state budget package that, while despite several good points, fails to address Ridgefield's needs. The package, which makes adjustments to the 2006-2007 budget, was approved by the State Senate the following day.

The budget provides almost no increase in the State's Education Cost Sharing (ECS) formula for Ridgefield, said Rep Frey. The state will provide the town with \$1,381,767 in ECS funds, an increase of only \$3,746.

"Over time, the ECS formula has proven to be hopelessly flawed," said Rep. Frey, who serves as an Assistant Minority Leader. "This budget is further evidence of the problem and how badly Ridgefield schools are shortchanged by it. The majority party continues work to send an incredibly disproportionate amount of education funds to the state's big cities at the expense of small and medium-sized towns." Rep. Frey, at the start of the session, introduced a bill that was not acted upon that would have eliminated the cap placed on certain ECS towns. Raising that cap would mean an additional \$1.4 million per year for Ridgefield.

Rep. Frey added the disproportionate amount of state funds to small towns can also be clearly seen in the formula used to issue "revenue sharing" allocations from the \$600 million state surplus. Representative Frey was a co-sponsor of an amendment to the budget that would have used the state formula for Town Aid Road, a formula deemed by most to be fair, to distribute the allocations. While Ridgefield received \$12,941 in these funds under the budget agreement, it would have received an additional \$193,558 under the amendment. The amendment was rejected in a nearly-party line vote.

The corresponding tax package will raise the maximum property tax credit on the state income from \$350 to \$500. However, added Rep. Frey, it fails to eliminate or even reduce the estate tax.

"There is no question the estate tax has hurt many Ridgefielders through the years," said Rep. Frey. "The amount of the surplus shows that people are overtaxed and eliminating the estate tax is needed and long overdue."

Rep. Frey, spoke during the budget debate on the estate tax. "The fact that people will

move out of the state is not hypothetical. I received a call prior to the April 30 session from a Ridgefielder who is planning on moving due specifically to Connecticut's estate tax." He pointed out the generosity of Connecticut residents over the years – from the bequeathing of Ballard Park to the Town of Ridgefield, the Bushnell Theater in Hartford, Beardsley Zoo in Bridgeport, among others. The state stands to lose from the generosity of these residents should they relocate.

Positive measures in the budget include depositing \$246 million into the Teacher's Retirement Fund, which is currently under funded by more than \$5 billion. Rep. Frey introduced legislation at the start of the session calling for surplus funds to help towards the under funding of the teacher's retirement fund. Also, to help promote business development, it will repeal the 15 percent corporation tax credit surcharge in 2007 and offer tax credits for companies that hire displaced workers and create at least 50 new, full-time jobs.

The package allocates \$190 million to the Rainy Day Fund. This fund, established in the wake of enacting the state income tax in the early 1990s, played a vital role in cushioning the impact on taxpayers when the state hit difficult economic times a decade later.